

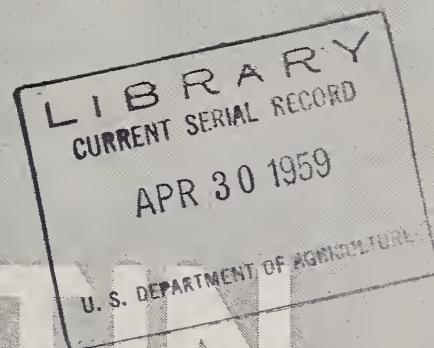
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Market Administrator's

BULLETIN



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Less Milk for Manufacturing in 1958

Changes in production of manufactured dairy products from 1957 to 1958 varied considerably among products. For the first 10 months the largest percentage decline, 25 percent, occurred for dry whole milk. Condensed case goods declined 11 percent. Only three items increased — "other" cheese, nonfat dry milk and ice cream — 6.7 percent, 1.0 percent and 1.4 percent, respectively. Butter production was considerably below earlier years, but it still took a larger percentage of milk output than any other manufactured dairy product — about 24 percent.

Weekly butter output was above a year earlier in the first quarter of 1958. It was below a year earlier in most weeks from April through November, by as much as 10 percent in two weeks. American cheese production started running below a year earlier in late January. It continued below 1957 in most weeks from February through August, by as much as 9 percent in one week. But weekly cheese production was above a year ago in most weeks of September, October and November, exceeding a year earlier by 14 percent in the third week of November.

For the first 10 months, butter production was smaller than in 1957 by 2 percent and American cheese by 3.5 percent. In terms of milk equivalent of production, however, the decline amounted to around 450 million pounds of whole milk for butter and 350 million pounds for American cheese.

Consumption of American cheese expanded considerably this year, and large stocks have been maintained by private firms. The increase in retail prices for meat was an important factor in bringing about the increase in consumption of

cheese. In coming months, prices for pork products may decline but prices for beef products probably will continue high through 1959.

Based on present indications, the excess of milk supplies over commercial demand, in terms of milkfat, will be smaller in 1958 than this year.

Production of nonfat dry milk has increased several fold in the last 20 years. In 1958 output reached a new record of 1.7 billion pounds. It passed the billion pound level for the first time in 1953 (1.2 billion). Output was 682 million pounds in 1948, and the 1935-39 average was 243 million pounds. Production capacity for the product was expanded rapidly in the early 1950's, though considerable expansion, some with Government assistance, occurred during World War II when output was emphasized because of the strong demand relative to supplies of animal proteins. This product lent itself particularly well to relief feeding operations.

The increased supply of skim milk for making nonfat dry milk was provided by

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Milk Production Recently Increased Over a Year Earlier

The feed situation was exceptionally favorable for milk production during 1958. Stocks of feed grains had been building up over several years and have set successively new highs. The carry-over as of October 1, 1958 was about double the carryover at the same time in 1954. Production of feed grains set a new record high in 1958 and a further, sharp increase in stocks will result during the current feeding year. Supplies of hay also were at a record level in the past year, although last winter supplies were considerably short of requirements along part of the Eastern Seaboard, and hay was shipped in from other areas.

Average U.S. prices for both feed grains and hay in 1958 were lower than a year earlier. The milk-feed price relationship was at a near record level throughout the year. For 1958 as a whole, the milk-feed price relationship averaged 1.42, equalling the previous record high set in 1945 but exceeding the 1957 figure of 1.40. The increase over a year earlier was largest in the first quarter of the year. Thereafter it declined relative to 1957 but was equal to or higher than a year earlier in every month except June, July and November.

The condition of dairy pastures for the season as a whole was the most favorable since 1945, except for 1951. In the 1958 season, pasture conditions averaged 85.8 percent of normal, compared with 83.3 in 1957, and 85.9 in 1951 and 87.3

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Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each 1/10%	

Dec. 1958	Nov. 1958	Dec. 1957
\$4.30*	\$4.37*	\$4.24***
4.665	4.735	4.59
4.401	4.434	4.419
4.001	4.034	4.019
3.901	3.934	3.919
2.977	2.887	3.096
7.3¢	7.3¢	7.0¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
" " " B.F. " " I	
" " " Milk " " II	
" " " B.F. " " II	
" " " Milk " " III	
" " " B.F. " " III	
" " " Milk " " IV	
" " " B.F. " " IV	

85.1	88.1	79.9
78.8	85.3	73.4
8.8	7.9	7.4
4.2	3.2	3.4
1.9	1.3	4.0
2.6	2.5	3.2
4.2	2.7	8.7
14.4	9.0	20.0

PRODUCTION SUMMARY

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Production per Producer	
Average Butterfat Test	
Total Value of Producer Milk at Test	
Income per Producer (7 Day Average)	

23,204,810	23,091,764	24,923,644
636,953	678,478	642,343
1,712	1,729	1,863
437	445	432
4.01	3.89	3.93
\$1,083,803.08	\$1,074,769.81	\$1,130,906.61
\$142.95	\$145.04	\$137.07

GROSS CLASS USE (Pounds)

Class I Skim	
" I B.F.	
" I Milk	
" II Skim	
" II B.F.	
" II Milk	

19,029,512	19,616,368	19,410,536
733,134	766,363	718,850
19,762,646	20,382,731	20,129,386
2,032,749	1,891,359	1,181,103
39,058	29,013	34,444
2,071,807	1,920,372	1,215,547

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

268,193	268,197	255,595
4,587	4,897	4,839
12,155	13,379	11,474
9,245	9,378	7,631
8,503	8,265	7,869

* Fall Production Payment 55¢ per cwt. additional

** Fall Production Payment 55¢ per cwt. additional

*** Fall Production Payment 53¢ per cwt. additional

COMPARATIVE STATISTICS ★

COLUMBUS MARKETING AREA

★ **Dec., 1949-58**

Year	Receipts from Producers	Average Butter-fat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1949	15,448,284	4.34	79.3	8.0	5.0	7.7	4.00	4.114	3.863	3.714	3.26	2,457	203
1950	15,699,222	4.31	81.1	16.3	2.6	—	4.44	4.509	4.109	3.299	—	2,149	236
1951	15,677,571	4.25	84.9	13.5	1.6	—	5.15	5.191	4.792	4.017	—	2,108	240
1952	18,421,239	4.17	78.8	16.6	4.6	—	4.58	4.736	4.336	3.659	—	2,209	269
1953	22,066,687	4.10	73.5	13.9	12.6	—	4.26	4.472	4.072	3.466	—	2,252	316
1954	22,456,753	4.05	77.2	7.9	4.1	10.8	4.06	4.27	3.87	3.87	3.276	2,152	337
1955	23,609,212	4.03	76.9	8.9	4.4	9.8	4.01	4.188	3.788	3.788	3.161	2,096	363
1956	23,637,293	3.88	81.0	9.7	3.3	6.0	4.21	4.365	3.965	3.965	3.236	1,966	388
1957	24,923,644	3.93	79.9	7.4	4.0	8.7	4.24	4.419	4.019	3.919	3.096	1,863	432
1958	23,204,810	4.01	85.1	8.8	1.9	4.2	4.30	4.401	4.001	3.901	2.977	1,712	437

Decline in CCC Purchases of Cheese Reflects Larger Consumption and Stocks

CCC purchases of 103 million pounds of butter in April-November of this marketing year were down 25 million pounds, or 20 percent from a year earlier. Purchases of 26 million pounds of American cheese so far this year are about 157 million pounds smaller — only one-seventh of the April-November, 1957 totals. These declines in terms of milk equivalent (fat solids basis) amount to 2.1 billion pounds, accountable $\frac{3}{4}$ by cheese and $\frac{1}{4}$ by butter.

The reduction in purchases for butter closely parallels the drop in output of butter for the first 8 months of this marketing year. In the case of cheese, the main cause has been the sharp increase in consumption of cheese. In addition, production of American cheese was about 31 million pounds under that of the April-November period 1957. Finally, the increase in commercial stocks of American cheese have been significantly greater since April 1 this year than last, with much of the relative gain occurring in the last two or three months. The latest data available indicate that the net accumulation April through November of this year was about 50 million pounds greater than a year earlier. Together these items account for the decline of 157 million pounds in purchases of cheese April through November this year, compared with the corresponding months of 1957.

Retail prices for meats are not likely to increase in 1959, in contrast to the sharp rise in 1958. In fact with the large supply of pork likely to be available, the general level of prices of pork products

is more likely to decline. This, together with a likely further increase in supply of poultry meat, is likely to hold beef prices at no higher than the 1958 levels. Hence there will be much less of an inducement to increase further cheese consumption in 1959, following the sharp rise that occurred in 1958. It seems likely, therefore, that any reduction in the size of the milk surplus from 1958 will cause a further contraction in volume of purchases for both butter and cheese. The surplus of nonfat dry milk at prevailing support prices, however, will continue near the record high level of 1958.

Purchases in April through November, 1958 have been as follows: butter, 103 million pounds; American cheese, 26 million pounds; and nonfat dry milk, 611 million pounds. A year earlier, the cumulative purchases were 131 million pounds of butter, 183 million pounds of American cheese, and 536 million pounds of nonfat dry milk. In terms of milk equivalent, fat solids basis, the butter and cheese purchased April through November this year amounts to 2.3 billion pounds, compared with 4.5 billion pounds in the comparable period last

year. For the 1957-58 marketing year as a whole, butter and cheese purchases were equivalent to 6.8 billion pounds of whole milk.

From late 1952 through 1954, purchases were made more rapidly than supplies could be distributed from CCC holdings. Stocks of all items reached a record high level in 1954, and in that year legislative authority was provided in order to expedite distribution of such accumulations. Nevertheless, distribution of cheese from CCC holdings continued to be a difficult problem. As late as November, 1957, uncommitted supplies of cheese were in the neighborhood of 175 million pounds, compared with only 34 million pounds of butter and 25 million pounds of nonfat dry milk. But in the past year, supplies of cheese were rapidly reduced. In early November, cheese supplies were exhausted, but as of December 3, CCC had available for distribution 8 million pounds of butter and 71 million pounds of nonfat dry milk. Currently, butter is being distributed only in domestic channels, but nonfat dry milk continues to be available for foreign donations and other foreign disposition, as well as domestic outlets.

Butter purchases were made in every week of this marketing year except four in September and October. No cheese was purchased from the last week of September until the first part of December; about a half million pounds was purchased by December 10. Nonfat dry milk has been purchased in every week of this marketing year.

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Less Milk for Manufacturing

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farmers' shifting from the sale of farm-separated cream to whole milk. This shift started more than two decades ago. It was stimulated by the emergency war-time programs to increase production of nonfat dry milk and further expansion of facilities, since the war, in many communities for the first time. Civilian consumption has increased considerably, with a per capita rate currently about three times the 1935-39 average. Even with this high per capita use, however, only about one-half of the output is used for domestic civilian consumption. The remainder is purchased by the CCC, along with butter and cheese, in order to support the price of manufacturing milk and butterfat to farmers.

Indications point to a continued large surplus of nonfat dry milk, although the excess of production of milkfat has decreased considerably this year, and probably will show a further decline in 1959. Nonfat dry milk purchases continue large, but human food outlets have been developed for about three-fourths of a billion pounds a year acquired under the support program, largely through donations for domestic and foreign school lunch and welfare uses. Non fat dry milk is a lower-valued product, and at the same time is less perishable. It also is a highly nutritious item for people who need additional animal protein and other important nutritive elements.

Market Quotations

	Dec. 1958
12 MIDWEST CONDENSERIES 3.5% per Cwt.	\$3.071
5 CONDENSERIES (Cincinnati) 3.5% per Cwt.	2.99
5 CONDENSERIES (North Central Ohio) 3.5% per Cwt.	3.000
2 CONDENSERIES (Toledo) 3.5% per Cwt.	2.875
4 CONDENSERIES (Tri-State) 3.5% per Cwt.	3.100
Evaporated Milk Code Price, 3.5% per Cwt.	2.847
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Cincinnati)	3.1038
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.101
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Dayton)	3.125
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Toledo-Tri-State)	2.999
Average Weekly Cheddars price per lb.	.31688
Average price per lb. non-fat dry milk solids, roller process delivered Chicago	.1355
Average price per lb. 92-score butter at Chicago (Equivalent Price)	.6033
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.12705

Milk Production

(Continued from page one)

in 1945. Pastures through most of the season were uniformly good throughout the important dairy areas except for much of Michigan and Wisconsin and parts of Minnesota. Serious drought also prevailed in the Dakotas and parts of Montana.

The especially favorable relationship between milk and feed prices and the abundant supply of feed grains resulted in farmers feeding a record high amount of concentrate feeds per head during 1958. An additional reason for the increase in the rate of concentrate feeding is the expanding milk producing capacity of dairy animals. The higher producing animals require an increased quantity of feed concentrates.

The quantity of concentrate feeds us-

ed varies considerably seasonally. This year, the average for the United States was 7.3 pounds per head on February 1 and April 1, 5.6 pounds on June 1, 5.2 pounds on August 1 and 5.5 pounds on October 1. The December 1 level was back up to nearly 7 pounds.

In spite of large feed supplies and favorable price relationships, milk production in 1958 was slightly less than in 1957. This followed 5 years of increase, years in which most of the above factors were less favorable than in 1958. The principal reason production did not increase was the rise in prices for cattle, calves and hogs during 1958. For both species, marketings for slaughter were reduced in order to build up herds. The reduction in the quantity of meat produced led to substantially higher prices to farmers for both beef cattle and hogs.